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In The
Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD.,
SAMSUNG ELECTRONICS AMERICA, INC.,
SAMSUNG TELECOMMUNICATIONS AMERICA, LLC,

Petitioners,

v.

APPLE INC.,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF ROGER CLEVELAND GOLF COMPANY, INC. AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

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INTEREST OF *AMICUS CURIAE*[1]

Roger Cleveland Golf Company, Inc. ("Cleveland Golf") is a small company of about 300 U.S.-based employees. Despite this, Cleveland Golf is one of the world's leading designers, manufacturers, and sellers of golf clubs, golf balls, and related golf accessories. Cleveland Golf's well-known brands include the Cleveland®, Srixon®, and XXIO® brands, among many others. Cleveland Golf's most popular and well-known golf club is one known as a "wedge," which golfers use from generally within 125 yards of the hole. Cleveland Golf's wedge off course channel units market share was 24.5% for the month of June 2016 according to Golf Datatech, LLC, ranking Cleveland Golf second among a crowded field stacked with much larger competitors.[2] Dozens of golf professionals, including many competing on the PGA Tour and in the upcoming Olympics, literally trust their livelihoods and performances to Cleveland Golf products, such as Cleveland® wedges and Srixon® golf balls.[3] Since its inception in 1979,

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[1] Pursuant to Supreme Court Rule 37.6, counsel for *amicus curiae* states that no counsel for a party authored this brief in whole or in part, and no party or counsel for a party, or any other person other than *amicus curiae* or its counsel, made a monetary contribution intended to fund the preparation or submission of this brief. All parties have consented in writing to the filing of this brief.

[2] Golf Datatech, Report on Off Course Wedges Sales (June 2016).

[3] Cleveland Golf's professional staff includes golf major winners Graeme McDowell, Keegan Bradley, and Inbee Park, as well as Hideki Matsuyama, J.B. Holmes, and many other PGA Tour

Cleveland Golf has sold more than 10 million wedges globally; its products have garnered more than 350 professional Tour victories since 1988. Most of Cleveland Golf's products, including its wedges, are covered by numerous issued and pending United States design patents.[4] Cleveland Golf employs a handful of talented

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winners. At least the following professionals, who use golf products of Cleveland Golf or its parent company, will compete in golf in the 2016 Olympics in Rio:

Men
Soren Kjeldsen
Anirban Lahiri
Jaco Van Zyl
Shingo Katayama
Ricardo Gouveia
Wu Ashun
Ryan Fox
Lee Soo Min
Scott Vincent
Prayed Marksaeng
Russell Knox
Rikard Karlberg
Thanyakorn Khronghpha
KJ Choi

Women
Inbee Park
In Gee Chun
Minjee Lee
Shiho Oyama
Rebecca Artis
Bo Mee Lee
Hyo Joo Kim

[4] These patents are assigned to and owned by Cleveland Golf's parent company, Dunlop Sports Co., Ltd. As of the date of this writing, Dunlop Sports Co., Ltd. owns 126 issued U.S. design

graphic artists and industrial designers at its Huntington Beach, California headquarters to conceive, develop, and select creative, appealing, eye-catching designs that are applied to its products and protected by design patents. Cleveland Golf therefore has a substantial interest in the question presented.

In the golf industry, particularly in the highly competitive market for golf clubs, product design is one of the most important factors consumers consider in making their purchasing decisions. This is because in golf, perhaps more than any other sport, the participant while playing spends a great deal of time visualizing and concentrating on the equipment and its interaction with the field of play—looking at the club head, looking at the ball, and aligning both with the target. One need only watch the careful, studied routine of a PGA Tour professional as he or she aligns and concentrates on a putter (or any other golf club) while practicing, then executing, the shot. And one of the most important attributes of the sport is player confidence, which in turn is inspired by equipment that appeals to the player's eye and looks as if it will meet the player's needs, shot after shot.

Depicted below is but one example of a popular patented golf club head design, applied to products sold by Cleveland Golf.

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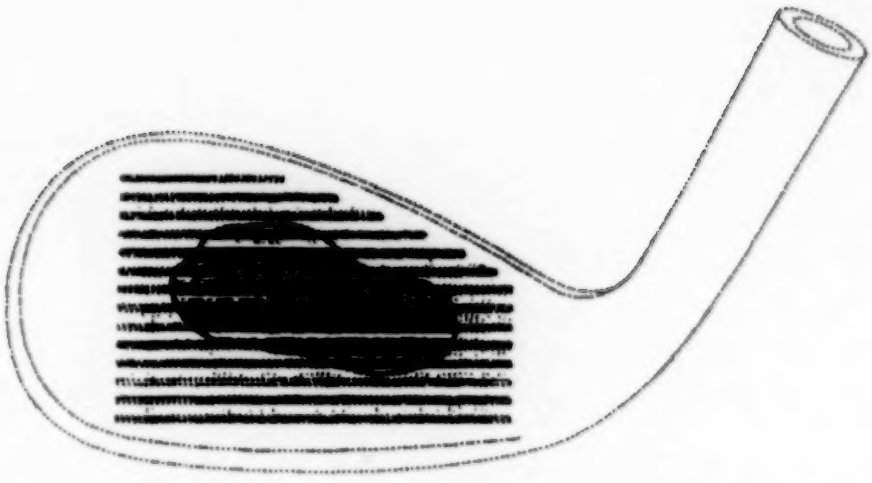
patents covering golf clubs. As a wholly-owned subsidiary of Dunlop Sports, Cleveland Golf holds a license to all of these design patents.



U.S. Patent No. D633,967 (filed April 1, 2010).

In this example, the design patent claim recites "the ornamental design for a golf club head, as shown and described," even though much of the image of the golf club head is shown in phantom lines. This is significant, for the patent claim is not to just the solid line elements in the drawings, but to those solid line elements as applied to the head of a golf club. In this example, awarding an infringer's profits based only on the solid lines would be meaningless; such lines represent ornamentation, in this case, material that has been removed from the face of the golf club head, in essence, the absence of matter or empty space defined by the article itself. Any attempt to apportion the profit attributable to such removed material or empty space relative to the rest of the golf club head or golf club would likewise be meaningless. Absence of matter, or any other visual design element, such as those created by pixels on a screen, is not readily subject to material valuation, as is a functional component, such as a

battery, a processor, or a memory device. This, in turn, renders attempts to apportion how much of an article of manufacture's total profit should be attributable to such design elements both difficult, if not impossible, on the one hand, and an apples-to-oranges comparison on the other.

In this example, for the statutory prescription of the infringer's total profit to have any real-world meaning, such profit must be based on the entire article of manufacture, in this example a golf club, to which the patented design has been applied.

One problem plaguing the golf equipment industry, including Cleveland Golf's business, is counterfeiting. There are remedies for true counterfeits, for example, 15 U.S.C. §§ 1116(d)(1)(A), 1117(b); and 18 U.S.C. § 2320, where the counterfeiter copies not only the patented design, but also, for example, the Cleveland® brand in a blatant attempt to pass off inferior knock-offs as the genuine article. But such remedies do not extend to "soft counterfeits," where the product incorporating a patented design is copied or closely approximated, without using the Cleveland® brand. Both design patents and robust remedies for design patent infringement are critical to Cleveland Golf to deter such "soft counterfeits."

Related to the issue of "soft counterfeits" is the inequity of "fast followers" detailed in other *amici's* briefs. *See, e.g.*, Brief of Nike, Inc. as *Amicus Curiae* in Support of Neither Party at 9, *Samsung Elecs. Co. v. Apple Inc.*, No. 15-777 (filed June 8, 2016). This

inequity is, perhaps, even more acute in the golf industry than in many others, and is of even greater concern to small companies such as Cleveland Golf. In the highly competitive golf industry, manufacturers typically launch new products on a two-year cycle. But utility patents often issue far longer than two years after filing. Thus, often a new golf product is off the market before a utility patent covering it has issued.

Design patents, however, often issue much more quickly than utility patents, and hence tend to give golf equipment manufacturers more immediate protection.[5] But much of the value of this immediacy is lost if fast followers can copy the design with limited consequence.

Moreover, smaller competitors such as Cleveland Golf are particularly vulnerable to fast followers or their somewhat slower cousins, "watchful waiters," both of whom tend to be much larger, and in some cases control significant or even dominant shares of particular markets. Petitioners might be fairly termed "watchful waiters" based on the record below, having seen Apple's iPhone launch in 2007, then watching the new product's success (and their own share drop from 10% to 5% or less) before releasing the infringing smartphones in 2010. Brief for Respondent at 9-10, *Samsung Elecs. Co. v. Apple Inc.*, No. 15-777 (filed July 29, 2016). Such large fast followers and watchful waiters often

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[5] The example above aptly illustrates this more immediate protection for design patents. Cleveland Golf's U.S. Patent No. D633,967 was filed April 1, 2010, and issued 11 months later, on March 8, 2011.

have much more market power than their smaller competitors to leverage their size, distribution muscle, and preexisting market penetration. They can quickly copy the designs of smaller competitors, flood the market with infringing goods, and in so doing unfairly take business from smaller (or new entrant) innovators who proved the market potential for the design in the first instance. Indeed, within one month of Petitioners' launching their infringing smartphone, Petitioners' share quickly recovered beyond its pre-Apple launch share of 5-10%, and then jumped over the next two years to 20%. Brief for Respondent at 10.

Society's advancements depend on the genius and courage of innovators who have the vision and temerity to challenge the *status quo*. It has been said that Apple's "why," the reason it exists as a company, is exactly that—to challenge the *status quo*, as it did by disrupting the smartphone market as a new entrant with the launch of its iPhone.[6] And smaller competitors such as Cleveland Golf must rely on their pluck and innovator mentality if they hope to remain viable in a market crowded with larger, well-funded competitors. But if innovators, and particularly new market entrant innovators such as Apple, and smaller company innovators such as Cleveland Golf, can no longer rely on the availability and deterrent effect of total profit recovery for design patent infringement, then "fast followership," "watchful waiting," and copying will be encouraged

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[6] *See* Simon Sinek, *Start With Why: How Great Leaders Inspire Everyone to Take Action* 154-55 (Penguin Group (USA) LLC) (2009).

and enabled, while innovation, early adoption, and the societal advancements spawned thereby will be discouraged and diminished.

Another aspect of the golf industry that gives design patents special importance is that golf products' functional features are constrained by the rules of the United States Golf Association ("USGA"), which prescribe limits, such as how far a golf ball may travel, how deep and wide golf club face grooves can be, how much "spring effect" a golf club face can have, etc. *See generally* The Rules of Golf as Approved by R&A Rules Ltd. & The United States Golf Ass'n (effective Jan. 1, 2016). Thus, while utility patents are also important to the golf industry, and many are issued, USGA rules severely constrain technical innovations of both golf clubs and golf balls. Given such constraints, the typically long delay for issuance of utility patents relative to design patents, and the importance to the golfer of the aesthetics of golf equipment, design patents are particularly important to the business of golf equipment manufacturers. And it follows that the deterrent effect of recovering a design patent infringer's total profit is likewise critical to that business.

Cleveland Golf also invests heavily in reviewing its product designs as applied to its products and insuring that its design patents are properly marked on its products in accordance with 35 U.S.C. § 287(a), thereby giving the public fair notice of what products

are covered by those design patents.[7] The purpose of providing this notice is not merely to give the public fair notice of products covered by patents, however; marking also serves to avoid the negative consequences of failure to mark—the forfeiture of patent damages except upon proof that the infringer was given actual notice of the infringement and continued to infringe thereafter. Thus, in addition to providing fair notice, patent marking also gives fair warning that design patent damages begin to accrue once an infringer begins selling a product covered by the design patent so marked. And such fair notice and fair warning—that an infringer's total profit is recoverable—serves both as an objectively fair deterrent to copyists, and as a fair reminder to fast followers and watchful waiters, who might otherwise choose to copy, of the wisdom of conducting pre-launch patent-clearing diligence.

Notwithstanding such objective fairness, Petitioners and *amici* in support of Petitioners apparently consider the "total profit" rule applied by the Federal Circuit below extreme and unfair. But the points they overlook include: (1) design patents in general are easily designed around by those who do not intend to copy the patented design or to deceive the ordinary observer; (2) a finding of infringement is often, under this Court's *Gorham* test, tantamount to a finding that ordinary observers were deceived into believing the

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[7] Cleveland Golf employs "virtual marking" of its patents in accordance with 35 U.S.C. § 287(a), a list of which can be found at http://www.dsp-patents.com.

infringing design was the patented design, and that any infringing sales would not have occurred but for the deception; and (3) absent notice of the patent to the infringer, whether actual or constructive, the patent owner can recover no damages prior to such notice. These points lead to the conclusion that design patent infringement for which damages are recoverable is an exceptional circumstance, often involving copying and/or consumer deception, warranting the exceptional statutory remedy of the infringer's total profit on the article of manufacture to which it has applied the design.

SUMMARY OF ARGUMENT

The statute's clear prescription that the infringer is liable to the extent of its total profit finds ample justification in the act of infringement itself. Under this Court's long-standing *Gorham* test for design patent infringement, an ordinary observer would find the patented and infringing designs substantially the same, so as to deceive him and induce him to purchase one supposing it to be the other. In other words, but for the infringement, the infringing sale likely would not have occurred. Consequently, requiring the infringer to disgorge its total profit from the infringing article of manufacture is commensurate with the infringer's act. Moreover, awarding the design patent owner the infringer's total profit is the most effective way to adequately compensate for and deter the infringement, because the other options for damages are far more

difficult and expensive to prove, especially for a small company whose patented design was copied by a large competitor.

Petitioners' argument that the damages should not extend to the entire article of manufacture to which the patented design is applied cannot withstand scrutiny. To attempt to apportion the value of disclaimed and claimed portions of the design would be unworkable and contrary to the statute. Apportionment would also effectively render design patents unenforceable, particularly for smaller companies, and for industries where utility patent issuance and design patent injunctive relief are unlikely before the patented design and infringer's product are off the market.

In this case, the evidence establishes that Petitioners deliberately copied and continued to infringe the patented designs despite warnings to cease. Awarding Petitioners' total profit as the statute requires is appropriate, because Petitioners could have easily avoided infringement by selecting different designs without altering the functional components of their products. Because competitors can easily avoid the protection that design patents provide to their owners, instances of infringement will be exceptional as long as the total profit remedy that the statute affords remains available.

ARGUMENT

I. THIS COURT'S *GORHAM* TEST FOR DESIGN PATENT INFRINGEMENT IS CONSISTENT WITH, AND SUPPORTS, THE "TOTAL PROFIT" RULE

There can be no design patent damages unless there is first design patent infringement. And this Court's *Gorham* design patent infringement test suggests that a finding of infringement implicitly is a finding that but for the infringement, sale of the infringing article of manufacture likely would not have occurred, thereby justifying an award of total profit on that sale.

A. The *Gorham* Infringement Test Suggests that but for the Accused Design's Similarity to the Patented Design, the Infringing Sale Probably Would Not Have Occurred, Making an Award of Total Profit a Fair Award and a Reasonable and Effective Deterrent

Section 289 of the patent statute provides:

> Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than $250, recoverable

> in any United States district court having jurisdiction of the parties.
>
> Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

35 U.S.C. § 289.

Before delving into statutory construction of this damages provision, a brief discussion of the law of design patent infringement is critical, as a court cannot award design patent damages absent a finding of design patent infringement. And the starting point for any design patent infringement issue is this Court's decision in *Gorham Mfg. Co. v. White*, 81 U.S. (14 Wall.) 511 (1871). There, the Court adopted the following test:

> We hold, therefore, that if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, *inducing him to purchase one supposing it to be the other*, the first one patented is infringed by the other.

Gorham, 81 U.S. at 528 (emphasis added).

Unlike a utility patent claim, in which only the *words* of a claim, as properly interpreted, define the invention and its limits to one of ordinary skill in the art, a design patent claim is defined *visually*, with respect

to the design's *drawings*, and covers the way the design would be perceived, as applied to the accused product, in the *eye* of an ordinary observer.

Inherent in this distinction are the concepts of the ordinary observer's finding the patented design and accused design to be substantially the same or being deceived into thinking the accused product's design is the patented design. No such concepts are required for utility patent infringement; utility patents can be infringed by products that look nothing like the utility patent owner's product or the utility patent's drawings. And deception of an ordinary observer is not an element of utility patent infringement. Also inherent, therefore, in this distinction between design and utility patents is the notion that it is the appearance of the design as applied to the product, rather than the remaining properties of the product, that attracts a purchaser's attention and is worthy of reward. As this Court said in *Gorham*,

> It is the appearance itself which attracts attention and calls out favor or dislike. It is the appearance itself, therefore, no matter by what agency caused, that constitutes mainly, if not entirely, the contribution to the public which the law deems worthy of recompense. The appearance may be the result of peculiarity of configuration, or of ornament alone, or of both conjointly, but, in whatever way produced, it is the new thing, or product, which the patent law regards. To speak of the invention as a combination or process, or to treat it as such, is to overlook its peculiarities. As the

> acts of Congress embrace only designs applied, or to be applied, they must refer to finished products of invention rather than to the process of finishing them, or to the agencies by which they are developed. A patent for a product is a distinct thing from a patent for the elements entering into it, or for the ingredients of which it is composed, or for the combination that causes it.

Gorham, 81 U.S. at 525-26.

The *Gorham* Court thus rejected the position of the court it was reviewing, that infringement of a design patent should be determined not from the viewpoint of an ordinary observer, but that of an expert, under the same principles governing utility patent infringement, and only after comparing the features of each design to determine "substantial identity."[8] In rejecting that view, the Court issued the seminal test for design patent infringement, applied by lower courts, and relied upon by litigants to the present day, over 140 years later.

Running through the *Gorham* infringement test, and relevant to the design patent damages inquiry here, is the notion that design patent infringement occurs when an ordinary observer, not an expert, after giving the sort of attention a purchaser usually gives, finds the accused and patented designs substantially the same or is deceived and thereby induced into purchasing the infringing design believing it the patented

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[8] *Gorham*, 81 U.S. at 522-23.

one. Implicit in this is the notion that the purchase by the ordinary observer likely would not have occurred but for the infringement, or at least that the infringer so believed; otherwise, the infringer would have created its own clearly distinctive design to distinguish its products from the design patent owner's and thereby drive sales. And implicit in this but-for causality is the notion that the damages awarded based on infringing sales to actual purchasers that likely would not have occurred but for the infringement should be commensurate with the wrong perpetrated.

Under the statute, 35 U.S.C. § 289, those damages are the infringer's "total profit" on the infringing article of manufacture, not a portion of its profit based on the value of a design relative to other aspects of the product. That makes sense, given this Court's infringement test, which requires a finding (which the Federal Circuit found may be based on expert testimony and need not be shown by the actual perception or deception of ordinary observers)[9] that an ordinary observer would perceive the parties' designs as substantially the same or probably would purchase the infringing design believing it to be the patented design. Thus, as

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[9] The Federal Circuit let stand a jury instruction that set forth the *Gorham* test for infringement, but added the caveat that "[y]ou do not need, however, to find that any purchasers actually were deceived or confused by the appearance of the accused Samsung products . . ." *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 1000 (Fed. Cir. 2015). The court reasoned that *Gorham* likewise does not require a finding of actual deception, because it credited expert opinions that ordinary purchasers would have been likely to mistake the accused designs for the patented design. *Id.*

explained above, the ordinary observer's purchase of the infringing design likely would not have occurred but for the infringement. And, of course, awarding the infringer's total profit on the infringing article of manufacture is the surest way of deterring such infringement.

B. Where the Ordinary Observer's Eye Is Naturally Drawn to the Feature Infringed, Inducing the Sale of the Article of Manufacture, Total Profit Is Warranted Even Where the Design Patent Does Not Cover the Entire Article of Manufacture

In this case, Petitioners and their *amici* argue that the appearance of phantom lines serves as a disclaimer of design patent rights extending to the entire product, and hence limits damages.[10] The jury nonetheless found infringement of the patented designs, and therefore found that the *Gorham* infringement test—an ordinary observer would have perceived the patented and accused designs as substantially similar or would have been induced to purchase the one thinking it the other—had been met.[11] This finding is particularly

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[10] *See, e.g.*, Brief *Amicus Curiae* of the Computer & Communications Industry Ass'n in Support of Petitioner at 5-6, *Samsung Elecs. Co. v. Apple Inc.*, No. 15-777 (filed June 8, 2016).

[11] The jury received the following instruction: "Two designs are substantially the same if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, the resemblance between the two designs is such as to deceive such an observer,

understandable in the case of Apple's design patent pertaining to display screens/graphical user interfaces, as these are aspects of the product to which an ordinary observer's eye would most naturally be drawn, and to which the most attention would most naturally be given. Figures from two of the patents are reproduced below.

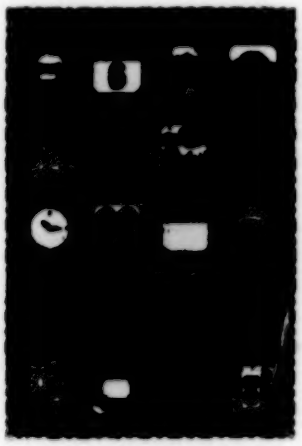

Figure 1
U.S. Pat. No. D604,305

Figure 3
U.S. Pat. No. D618,677

The argument that a design patent covering a car's cup holder might lead to profit damages for the entire car is meaningless under this suggested but-for infringement-deception-damages rubric. No one can seriously contend that a design patent covering only a cup holder would induce a consumer to purchase one manufacturer's car thinking its design to be that of the patent owner's car. At best, a consumer might be

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inducing him to purchase one supposing it to be the other." *Apple*, 786 F.3d at 999-1000.

induced to purchase the infringer's cup holder thinking its design to be the patent owner's cup holder. Stated otherwise, in this example, the cup holder design and the article to which that design is applied are the same. The cup holder design is not "applied" to the car; it is a design separate from that of, and covers an article separable from, the car. The cup holder and the car are distinct articles of manufacture. *Cf. Bush & Lane Piano Co. v. Becker Bros.*, 222 F. 902, 903 (2d Cir. 1915).

The argument that the holding below elevates the importance of design patents relative to utility patents is unfounded for several reasons.

First, infringement of a design patent requires substantial similarity of appearance, which utility patent infringement does not require. Often such substantial similarity of a design does not occur without copying (which the evidence shows Petitioners clearly did; Brief for Respondent at 9-10, 12). Such copying, or willful, wanton, or malicious infringement, often warranting enhanced damages in a utility patent case, and justified as punitive,[12] also merits total profit damages awards, and the resulting deterrent effect, in a design patent case.[13]

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[12] *Cf. Halo Elecs., Inc. v. Pulse Elecs., Inc.*, ___ U.S. ___, 136 S. Ct. 1923, 1928 (2016).

[13] *Amicus* does not, however, suggest that evidence of copying is or should be required for design patent total profit damages, as the statute does not require copying.

Second, design patents are limited to non-functional designs;[14] utility patents are by definition functional inventions. Design patents are relatively easy to design around for those wishing to avoid copying and prevent deception; the ability to design around utility patents varies according to the breadth of the claims, but can be technically challenging. And because utility patents claim functional innovations, designing around them often results in loss of functionality and/or other performance tradeoffs. By definition, because design patents relate to ornamental designs, they are easily designed around with no such tradeoffs. An election to nevertheless copy a patented design justifies an award of the infringer's total profit.

II. LIMITING PROFITS TO ONLY A PRODUCT'S "COMPONENT" COVERED BY A DESIGN PATENT WOULD IGNORE THE UNAMBIGUOUS STATUTORY MEANING

The language of 35 U.S.C. § 289 and its legislative history and intent are clear, as set forth in Respondent's Brief at 32-35. And the factual record of Petitioners' copying and continued and willful infringement, notwithstanding warnings to cease, is also clear. Brief for Respondent at 25, 60. What Petitioners and their supporting *amici* therefore argue is essentially that this otherwise clear statute and clear record are unfair as applied to the infringer's huge profit awarded in this

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[14] *See, e.g., OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1405 (Fed. Cir. 1997).

case, and therefore both the statute and the record need to be re-interpreted to drastically reduce Petitioners' liability. That, for the following reasons, the Court should not do.

A. Applying Design Patent Damages to Only "Components" Violates the Clear Meaning of the Statute

Section 289 of the patent statute provides in relevant part (emphasis added):

> Whoever during the term of a patent for a design . . . (1) applies the patented design, or any colorable imitation thereof, to any *article of manufacture* for the purpose of sale, or (2) sells or exposes for sale any *article of manufacture* to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his *total profit*.

35 U.S.C. § 289.

As instructive, perhaps, as what the statute says, is what it does *not* say. The statute does not say, "whoever sells a patented design"; it says "*article of manufacture*." The statute does not say, "shall be liable to the owner only for that portion of his profit attributable to the component(s) of the article of manufacture comprising the patented design"; it says "*shall be liable to the owner to the extent of his total profit*." And the statute does not say "excluding from the damages calculation any portion of the article of manufacture illustrated in phantom lines in the patent drawings or

comprising encased, unseen features." It clearly excludes nothing from the extent of the infringer's total profit. And yet, to hold as Petitioners and their supporting *amici* wish would require, in effect, reading all of those clearly unintended statutory constructs into the law.

Congress has seen fit to retain the relevant "total profit" statutory language and hence has retained intact its intent since 1887, for nearly 130 years, and has retained the "total profit" provision of the current 1952 law, 35 U.S.C. § 289, for over 60 years, without change. That the statute mentions "total profit" of the infringer, without specifying that such profit relates to anything other than the article of manufacture being sold, therefore should end the inquiry.

But there is more; before 1887, apportionment of damages was required. Congress quickly responded to eliminate that requirement and address the "emergency" caused by this Courts' 1885 and 1886 *Dobson* decisions,[15] which awarded just six cents because the patentee had failed to prove that the entire profit was attributable to the patented design. Brief for Respondent at 17, 33-35. Thus, the law was once as Petitioners now desire it; Congress quickly overruled the *Dobson* decisions by changing the law to its current "total profit" form; and Congress has not, for over 130 years, changed it again.

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[15] *Dobson v. Hartford Carpet Co.*, 114 U.S. 439, 444 (1885); *Dobson v. Dornan*, 118 U.S. 10, 17-18 (1886).

If litigants or the public deem the result of the decision below unfair, their appropriate recourse is to ask Congress to change the law as clearly written. Rewriting that law by inserting tortured phrases such as those quoted above is not the province of this Court.

B. Applying Design Patent Damages to Only "Components" Would Require Unworkable Hypothetical Damages Analyses That Would Be Unduly Complicated, Expensive, and Divorced from Marketplace Realities

Section 289's "total profit" rule is clear and unambiguous. A party seeking to prove, and a jury seeking to award, design patent damages need only calculate total profit from the total number of units found to infringe multiplied by the profit per unit. Even that seemingly straightforward inquiry—often made and presented via a costly patent damages expert—can be complicated by the different ways to calculate and present profits.

Such calculation and presentation of profits becomes far more expensive, far more complicated, and far more speculative, however, if now such experts are required to rely not upon actual profit of the infringing product sold in the marketplace, but upon some hypothetical and complex profit measure based on only certain "components" of the patented article of manufacture that are neither separate from, nor sold separately from, the article of manufacture in the

marketplace. No design patent owner/product seller maintains records for accounting purposes that would be useful in conducting such analyses. And thus the damages expert's opinion, which heretofore could be based on actual market data and accounting records, would now be based on fiction and conjecture.

This problem is put into context by the Cleveland® wedge example illustrated above. How would Cleveland Golf prove that portion of an infringer's wedge profit attributable to the unique groove and score line pattern forged and laser etched into the club's face? Based on the amount of metal removed in the process? Based on the percentage of the total surface area of the head or the face covered by the pattern? Based on the cost of applying the pattern to the face? Based on the percentage of golf club consumers that state, in a consumer survey, that the design and only the design induced them to purchase the product? Neither the design patent damages statute nor design patent damages case precedent addresses these real-world questions, and Congress drafted Section 289 and its predecessor precisely to remove the need for asking them.

If even reasonably possible, such analysis would require conducting expensive market or other surveys, to determine—subject to *Daubert* challenges and other charges of inadequacy—what value ordinary observers place on the patented design relative to other features of the product. Petitioners' damages expert used such consumer surveys in an unsuccessful effort to show,

astonishingly, that Respondent's design-related damages were zero, or at most 1% of Petitioners' profit. Brief for Respondent at 20. While requiring such consumer surveys would be good business for patent damages and survey experts, it would be extremely costly to litigants on both sides of the issue, and particularly damaging to smaller competitors who cannot afford to pay for such high-priced experts.

Designs are often difficult to conceive, and, as witnesses in *Gorham* testified,[16] may fail in the marketplace more often than they succeed. And suppose, for example, that the designs of the golf club as illustrated herein required a costly laser-etching process while the infringer instead employed an inexpensive painting process to achieve a virtually identical look, but at a fraction of the cost. Awarding the infringer's profit based on, and limited to, the cost of applying its cheap imitation would not only add insult to injury—it would encourage cheap imitations and inferior knock-offs.

In practice, for smaller companies that cannot afford the cost of high-priced patent damages experts, a rule requiring that an infringer's profit be limited to only a "component" of an article of manufacture would render design patents virtually worthless. While the possibility of injunctive relief offers some deterrent effect, given the two-year cycle of new golf products, and the periods of time for patents to issue and for patent suits to go to trial, meaningful injunctive relief is

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[16] *Gorham*, 81 U.S. at 512 n.3.

nonexistent in Cleveland Golf's industry. And a patentee's lost profits and even a reasonable royalty are notoriously difficult and expensive to prove. As such, without the total profit rule applied to articles of manufacture in Cleveland Golf's industry, design patents would provide a right with no readily provable total profit remedy. That, in turn, would make rare the case in which the litigation cost would justify enforcing the design patent—providing a right with no remedy at all.

CONCLUSION

The judgment should be affirmed.

Respectfully submitted,

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